

Message Text

LIMITED OFFICIAL USE

PAGE 01 COLOMB 03280 250700Z

11

ACTION NEA-10

INFO OCT-01 ISO-00 L-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 FMC-01 INR-05 NSAE-00 RSC-01 CG-00 COA-01

DLOS-03 SWF-01 /032 W

----- 099371

R 221200Z NOV 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 1899

LIMITED OFFICIAL USE COLOMBO 3280

EO 11652: N/A

TAGS: EWWT, CE

SUBJ: SRI LANKA SHIPPING: NOVEMBER 22

REF: A) STATE 257605 B) STATE 256535 C) STATE 196028

1. SUMMARY: WITH GSL CENTRAL FREIGHT BUREAU (CFB) HAVING DECIDED TO MAKE CONCESSIONS AND WITH CEYLON USA CONFERENCE (CUSAC) APPARENTLY INCLINED TO ACCEPT GSL/CFB PROPOSALS TRANSMITTED INFORMALLY THROUGH DE SILVA'S GOOD OFFICES, THERE APPEARS FAIR PROBABILITY INTERIM COMPROMISE COULD PERMIT NEXT FEW CUSAC SHIPS TO LIFT NOW ACCUMULATED 3,500 TONS CARO. GSL/CFB, HOWEVER, HAS SET DE FACTO NOVEMBER 30 DEADLINE FOR REUSUMPTION DIRECT NEGOTIATIONS ON BUNKER SURCHARGE ISSUE. ACCORDING DE SILVE, KARANDAWELA SEEMS FMC INVESTIGATION AND CONCLUSION TO BE VERY STRONG, BUT NOT BINDING CONSIDERATION. MEANWHILE WATERMAN'S REP IS HAVING DIFFICULTIES NEGOTIATING SPECIAL LASH AGREEMENT WHICH COULD RAISE DISCRIMINATION ISSUE. CUSAC CARGO REMAINS ON COLOMBO DOCKS, LAST SCHEDULED CUSAC SHIP HAVING SKIPPED COLOMBO CALL. IN INTEREST OF REACHING COMPROMISE SOONEST, TO AVOID ANOTHER TRADE BREAKDOWN AND TO ACHIEVE EVENTUAL NORMALIZATION OF CUSAC-GSL/CFB RELATIONS, WE RECOMMEND WASHINGTON AGENCIES DO ALL POSSIBLE TO ENCOURAGE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COLOMB 03280 250700Z

CUSAC CONSIDER CFB PROPOSALS POSITIVELY AND TO ASSIST IN

RESOLUTION SURCHARGE ISSUE. END SUMMARY.

2. CUSAC SHIP CALLS: HELLENIC CHAMPION OMITTED
NOV 20 COLOMBO CALL. NEXT CUSAC SHIPS SCHEDULED
ARE APL PRESIDENT TYLER NOV 26, AEL EXPORT
ADVENTURER NOV 27, AND WATERMAN SAM HOUSTON (LASH)
DISCHARGING LIGHTERS NOV 27, LOADING
DEC 2.

3. COMMUNICATION, NEGOTIATION CHANNELS: HUBERT DE SILVA
TELLS US WORD "MEDIATOR" CAUSED PROBLEMS BOTH SIDES;
"EXTENSION GOOD OFFICES" PREFERABLE DESIGNATION. ALTHOUGH
RELUCTANT, DE SILVA SAID HIS FIRM WOULD ACCPT NOMINATION
AS LOCAL CUSAC SECRETARY. IT IS NOW CLEAR ABEYRATNE/
MC KINKON MC KENZIE ROLE AS CUSAC SECRETARY WITHOUT
BEING AGENTS ANY MEMBER LINE WAS SIGNIFICANT IRRITATING
FACTOR IN GSL/CFB/CUSAC RELATIONS, ESPECIALLY FOR
KARANDAWELA. CONTINUING APPARENT MISUNDERSTANDINGS
RELLECT LESS THAN IDEAL COMMUNICATIONS BETWEEN TWO SIDES.

4. GSL/CFB PROPOSALS/CUSAC RESPONSE: FOLLOWING HIS
DETAILED DISCUSSIONS WITH KARANDAWELA AND CFB OFFICIALS
MORNING NOV 21, DE SILVA HAS GIVEN EMBASSY TEXT OF
GSL/CFB PROPOSAL HE TELEXED AFTERNOON NOV 21 TO
AEL NEW YORK FOR INFORMAL CIRCULATION TO CUSAC MEMBER
LINES. PROPOSALS PARAPHRASED ARE AS FOLLOWS: A) CFB
PERMITS FULL REMITTANCE OF BLOCKED SURCHARGE PAYMENTS
ACCORDING CUSAC RATES: US \$24 FEB 1 TO OCT 1;
\$22.50 OCT 16 TO DATE; B) CUSAC TO LIFT FREIGHT
COLLECT RULE; C) "BOTH CUSAC AND GSL/CFB WILL AWAIT FMC
INVESTIGATION INTO CURRENT LEVEL BUNKER SURCHARGE FOR FURTHER
NEGOTIATIONS ON FUTURE RATE OF SURCHARGE."
MESSAGE CONCLUDED THAT DE SILVA COULD PERSUADE CFB TO
SEND PROPOSALS DIRECT TO CUSAC BUT WOULD LIKE CUSAC'S
INFORMAL INDICATION PROPOSALS WOULD BE ACCEPTED AS BASIS
FOR RESOLVING DISPUTE. EMBOFF POINTED OUT THAT KEY
QUESTIONS WOULD BE 1) GSL/CFB POLICY BEYOND DATE OF
AGREEMENT ON BLOCKING PORTION PREPAID PAYMENTS CFB STILL
BELIEVED EXCESSIVE; 2) WHETHER CFB WOULD ACCEPT FMC
DETERMINATION ON SURCHARGE AS BIFTING. REF A AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COLOMB 03280 250700Z

CUSAC'S RESPONSE WHICH DE SILVA RECEIVED MORNING
NOV 22 REFLECT SAME CONCERNS. LATTER MESSAGE (VIA
AEL) SAID CUSAC WOULD MEET NOV 22 TO CONSIDER
PROPOSAL AND INDICATED AEL BELIEVED THEY WOULD BE
ACCEPTED SUBJECT TO CLARIFICATION. DE SILVA HAS CHECKED
WITH KARANDAWELA AND REPLIED TO CUSAC THAT: 1) ASSUMING
FREIGHT COLLECT RULE RESCINDED, CFB COMMITS TO PERMIT
REMITTANCE ALL PAYMENTS FROM INTERIM COMPROMISE DATE TO

DEC 30. THIS IS BASED ON CFB'S UNDERSTANDING FROM CUSAC NOV 19 CABLE THAT FMC INVESTIGATION AND CONCLUSION WOULD TAKE ONE WEEK TO TEN DAYS. 2) GSL/CFB BELIEVES NEW BUNKER SURCHARGE LEVEL SHOULD BE BASED ON DIRECT NEGOTIATIONS BETWEEN TWO PARTIES, TAKING FMC DETERMINATION INTO STRONG CONSIDERATION BUT NOT ACCEPTING IT AS BINDING. THIS CONFLICTS WITH HAMM'S INFO PARA 1 REF A BUT IT COMES FROM TEXT DE SILVA'S REPLY.

5. WATERMAN'S LASH PROBLEM: GOING BACK TO REF C AND EMBASSY'S RESPONSES (COLOMBO 2551, 2597) WATERMAN'S GENERAL AGENT FOR AFRICA/MEDITERRANEAN, G.A. NAHAS, ACCOMPANIED BY AITKEN-SPENCE OFFICIAL CALLED ON EMBASSY ECONOMIC/COMMERCIAL OFFICER NOV 22. ON CURRENT CONFLICT, HE MADE FOLLOWING POINTS: 1) GSL/CFB WAS REALLY TRYING TO "BREAK" CUSAC BUT LACKED LEVERAGE SINCE COLOMBO IS LOW VOLUME, "TOPPING OFF", CALL FOR ALL CUSAC LINES; 2) BECAUSE OF COMPETITIVE FACTORS AND POTENTIAL PRECEDENT FOR OTHER COUNTRIES, ESPECIALLY INDIA, CUSAC COULD NOT AGREE TO PRIOR CONSULTATION AND REVELATION COST DATA IN SETTING RATES; 3) WATERMAN'S AND SOME OTHER CUSAC MEMBER LINES ARE AWARE OF POLITICAL, PERSONALITIES, AND "FACE" FACTORS INVOLVED IN DISPUTE. NAHAS SAID HE WOULD ENCOURAGE MORE FORTHCOMING CUSAC ATTITUDE, AT LEAST COSMETICALLY, INCLUDIFQ SENDING CUSAC REP TO COLOMBO. ON WATERMAN'S PECULIAR PROBLEM, NAHAS SAID HE HAD HAD DETAILED AND AMICALBLE DISCUSSION WITH KARANDAWELA CONCERNING FURTHER LASH SERVICE AND GSL/CFB'S DESIRE FOR SPECIAL AGREEMENT. HE AND KARANDAWELA HAD REVIEWED AND REVISED PROPOSED TEXT BUT NAHAS SAID WATERMAN WERE MOST RELUCTANT TO SIGN ANY AGREEMENT WHICH INCLUDED REAL SUBSTANTIVE DIFFERENCES FROM CUSAC RULES. HE SAID APL/CFB AGREEMENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 COLOMB 03280 250700Z

REALLY DID NOT OPERATE AS PRECEDENT SINCE APL HAD NOT ADHERED TO IT, ESPECIALLY SINCE CURRENT GENERAL DISPUTE BEGAN. ASSUMING CUSAC/CFB COMPROMISE REACHED, NAHAS SAID THAT CFB HAD AGREED TO PERMIT THREE MORE WATERMAN LASH CALLS (SCHEDULED ONCE MONTHLY), DURING WHICH PERIOD FURTHER NEGOTIATIONS ON SPECIAL AGREEMENT WOULD CONTINUE. HOWEVER, CFB MIGHT THEN STOP LASH CALLS, WHICH NAHAS BELIEVED COULD CONSTITUTE DISCRIMINATION AGAINST AMERICAN FLAG SHIP. AS WE HAVE REQUESTED, INTERPRETATION OF POTENTIAL APPLICATION OF SECTION 19, 1930 MERCHANT MARINE ACT AS OUTLINED IN STATE 24"*54 WOULD BE USEFUL IN ANTICIPATION OF SUCH A SITUATION.

6. COMMENT: ALTHOUGH PRESSURE FROM EXPORT SHIPPERS, CUSAC'S BASICALLY STRONGER POSITION,

AND POSSIBLY INSTRUCTIONS FROM HIGHER GSL LEVELS HAVE
PERSUADED OR FORCED CFB TO CONCEDE MUCH OF THEIR
POSITION, ITS REMAINING INSISTENCE ON PRIOR CONSULTATION AND
NEGOTIATION OF TARIFF RATES STILL COULD THREATEN ANOTHER
SHIPPING STOPPAGE EVEN IF INTERIM COMPROMISE REACHED.
DURING PROPOSED VERY SHORT COOLLING-OFF PERIOD, FOCUS WILL
TURN STRONGLY ON FMC'S DETERMINATION ON MERITS OF BUNKER
SURCHARGE ISSUE. IN INTERESTS OF AVOIDING ANOTHER
DISRUPTION, OF IMPROVING LONG-TERM GSL/CFB/CUSAC RELATIONSHIP,
AND OF PROMOTING US/SRI LANKA TRADE, WE RECOMMEND THAT 1) FMC
BE FORTHCOMING IN SURCHARGE
INVESTIGATION AND 2) CUSAC SHOW WILLINGNESS TO MEET GSL/
CFB CONCESSIONS.
BYRNE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, DISPUTES, ARBITRATION
Control Number: n/a
Copy: SINGLE
Draft Date: 22 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COLOMB03280
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740341-0237
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741121/aaaaarme.tel
Line Count: 183
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 257605 B) STATE 256535 C) S, TATE 196028
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2002 by kelleyw0>; APPROVED <21 MAR 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SRI LANKA SHIPPING: NOVEMBER 22
TAGS: EWWT, CE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005